GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3706
ANSWERED ON:19.04.2005
INDO- SRILANKA TRADE
Kalmadi Shri Suresh

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the specific areas under which Indo-Srilanka trade relations exist at present;

(b) whether Government has a proposal to expand the Indo-Srilanka trade relation; and

(c) if so, programmes drawn up in this regard for 2004-2005 and its achievement till now?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

(a): At present India and Sri Lanka are signatories to Free Trade Agreement which is operational from 1st March, 2000. With the signing of this Agreement, the volume of trade between India and Sri Lanka has been increasing every year. The total volume of trade in the year 2003-2004 was US $ 1512 million and for the period April-January 2004-2005 was US $ 1357.78 million. If we compare the increase in the trade for the year 2004-2005 (April-January) with the corresponding period of 2003-2004 (April-January), US$ 1125.29, there is 20.70% increase in trade which highlights the fact that the trade between India and Sri Lanka has shown positive growth. India is also the fourth largest foreign investor in Sri Lanka.

(b) & (c) : In order to expand the India-Sri Lanka trade relations, a Joint Study Group was nominated in April, 2003 to make recommendations as to how to take the two economies beyond trade and towards greater integration to impart renewed impetus and synergy to the bilateral economic interaction through the conclusion of Comprehensive Economic Partnership Agreement (CEPA). This Group submitted its report during October 2003. On the basis of this report, 2nd Round of Talks at Commerce Secretary level between India and Sri Lanka on entering into CEPA was held in New Delhi on 10-11 February, 2005 where both the sides agreed to use this report as an important reference document and for timely completion of CEPA, it was decided to establish Trade Negotiating Committee (TNC) at the level of Commerce Secretaries to set up three Working Groups on

(1) Trade in Goods,
(2) Trade in Services and
(3) Investment and Economic Cooperation.

It was further agreed to set up Sub Groups for
(a) Custom Cooperation;
(b) Rules of Origin; and
(c) Trade Defence Measures under the Working Groups on Trade in Goods.

Sub Groups on Financial Services and Avoidance of Double Taxation and Preference of Fiscal Evasion Agreement were also formed. During this meeting, Terms of Reference (TORs) for all the Groups / Sub-Groups were mutually agreed upon and they would be further discussed in the First week of May, 2005. The formation of Trade Negotiating Committee at the Commerce Secretary level has paved the way for entering into CEPA which would entail

(a) Trade in Goods;
(b) Trade in Services; and
(c) Investment and Economic Cooperation.

Both the Governments are committed to the need of widening the ambit of the India-Sri Lanka Free Trade Agreement (ISLFTA) to go beyond trade in goods to include services and to facilitate greater investments flow between the two countries.